Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	

ERRATA

REPLY COMMENTS OF
THE CONSOLIDATED COMPANIES
AND
GREAT PLAINS COMMUNICATIONS, INC.

The Consolidated Companies[1] and Great Plains Communications, Inc. ("Great Plains")[2] (jointly referred to as "the Companies") respectfully submit these errata to reply comments, filed on June 2, 2008, in the above captioned proceeding. The Companies' reply comments were filed in response to the Federal Communications Commission's ("Commission") three Notices of Proposed Rulemaking ("NPRM") released on January 29, 2008.[3] In these NPRMs, the Commission seeks comment on long-term comprehensive high-cost universal service fund ("USF") reform.

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[1] Consolidated Companies is a family-owned holding company for four rural local exchange carriers: Consolidated Telephone Company, Consolidated Telco, Inc., Consolidated Telecom, Inc. and Curtis Telephone Company.

[2] Great Plains Communications is a diversified telecommunications company providing services in 63 exchanges in Nebraska including local and nationwide long distance telephone service and broadband access to the Internet.

[3] *See High-Cost Universal Service Support,* WC Docket No. 05-337, and *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Notices of Proposed Rulemaking, FCC 08-4 (Identical Support Rule NPRM), FCC 08-5 (Reverse Auctions NPRM), and FCC 08-22 (Federal-State Joint Board Recommendation (rel. Jan. 29, 2008).

The reason for this errata filing is that there were forecasts, developed by Consortia Consulting Inc., included in the original filing that were based upon incorrect data. Although the forecasts have been modified and are now based upon correct data, the arguments and concepts set forth in the original filing are valid.

The pages that were modified are attached to this filing and replace pages 11 through 15 of the filing.

Date: June 13, 2008.

The Consolidated Companies and Great Plains Communications, Inc.

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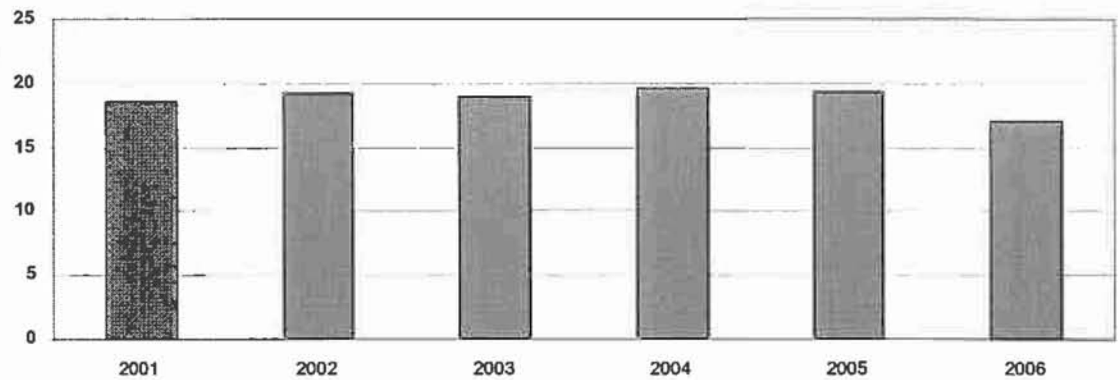
sample of NECA pool participants indicate switched access demand continued to decline at a relatively rapid rate from 2006 to 2007, roughly an 8.4 percent decrease.[22]

Figure 3
NECA Interstate Switched Access Demand
(Billions of Minutes)



Source: Tariff Review Plans

While switched access demand has been declining and the rate of decline has been increasing, according to NECA data, the costs (or revenue requirements) to provide interstate switched traffic sensitive access[23] have been relatively stable. The revenue requirements for interstate switched traffic-sensitive access are presented in Figure 4 below. As illustrated in the chart, the aggregate NECA pool revenue requirement to provide interstate switched traffic sensitive access declined only 2.5 percent on an annual basis from 2004 to 2006.

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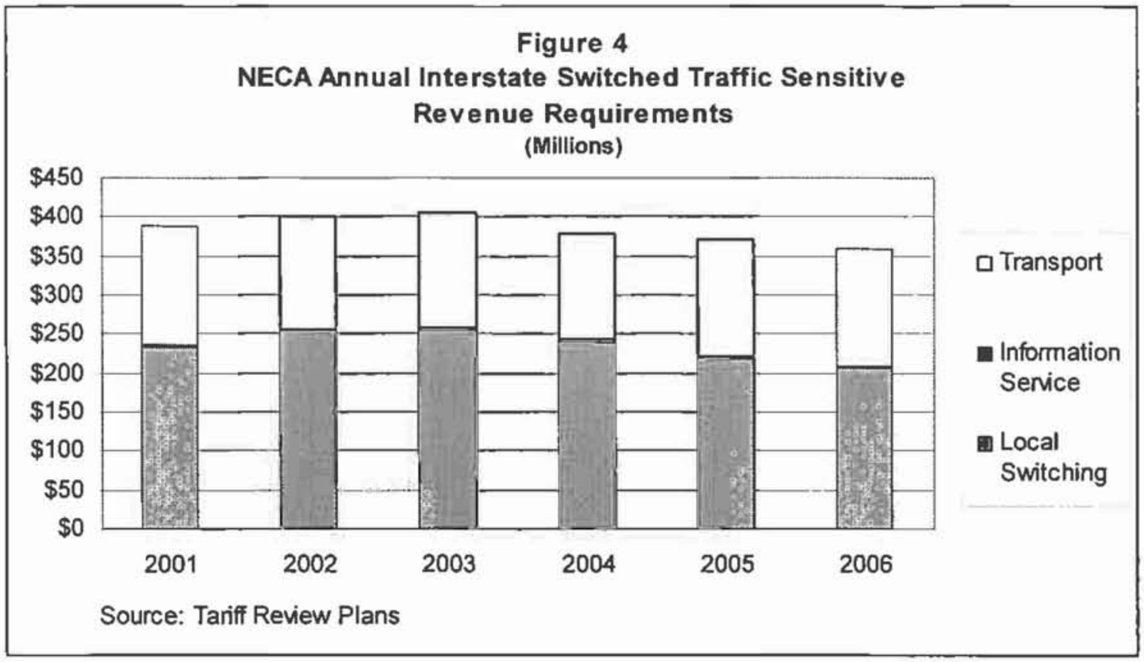
[22] *See* "Understanding Phantom Traffic and Access Avoidance," NECA Webinar, presented March 26, 2008 at slide 3.

[23] The revenue requirements for local switching, transport, and information service were combined to produce an aggregate revenue requirement associated with local switched minutes.



Trending this combination of rapidly declining interstate switched access minutes with generally stable interstate switched traffic-sensitive costs indicates that the composite access rate for interstate switched access minutes will likely increase rapidly in the next few years. At the Companies' request, Consortia Consulting, Inc., a telecommunications consulting firm, recently prepared a forecast of interstate switched access rates for NECA companies nationally that concluded rural carriers' composite interstate rates will rise dramatically based on existing trends. Due to the lack of necessary data to construct econometric projections, this forecast was prepared using standard trending techniques. Both recent actual trends and data from NECA forecasts used to develop tariff rates were utilized in the construction of the forecast.

Three scenarios were developed using the two components of the interstate switched access rate forecast – minutes of use and cost (revenue requirement) data. The first scenario (labeled Forecast A on Figure 5 presented below) assumed a 10 percent annual decline in interstate switched access minutes which reflects actual declines in demand over the past few years[24] and is about half of the 20 percent decline forecasted by NECA in development of rates for the 2007/2008 annual access tariff (effective June 30, 2007).[25] The decline in switched traffic-sensitive costs (2.5 percent) is about double the rate of decline over the past few years, but is a slower rate of decline than contained in the NECA forecast used to develop rates for the 2007/2008 annual access tariff. Due to a lack of better data, the same rates of decline were assumed for each consecutive year for all three versions of the forecast, an assumption the Companies believe may indeed be conservative.

Under the second scenario (labeled Forecast B on Figure 5 presented below) the decline in interstate switched access minutes was assumed to be somewhat faster, 15 percent, which is the average of actual declines in demand over the past few years[26] and of the NECA forecast of a 20 percent decline used to develop rates for the 2007/2008 annual access tariff.[27] The decline in interstate switched traffic sensitive costs was held constant at 2.5 percent, the same rate of decline developed in the first scenario.

The third and last version of the projections assumed a 20 percent decline in interstate switched access minutes as projected by the NECA forecast used to develop rates for the 2007/2008 annual access tariff and an 8.5 percent decline in switched traffic sensitive costs, also as projected by the NECA forecast used to develop rates for the

[24] The rate of decline for 2005-2006 is based upon data from the 2007/2008 Annual Access Tariff Review Plan, and the rate of decline for 2006-2007 is based upon data for a sample of NECA Companies. *See* "Understanding Phantom Traffic and Access Avoidance," NECA Webinar, presented March 26, 2008 at slide 3.

[25] Rate of decline based upon a comparison of the forecast used for the 2007/2008 tariff and the forecast used for the 2006/2007 tariff.

[26] *See* footnote 24.

[27] *See* footnote 25.

2007/2008 annual access tariff.[28] The third scenario is not presented in Figure 5, as it yielded nearly identical results to Forecast B. The primary difference between the second and third scenarios is that the volume of switched access minutes is much lower under the third scenario.

The results of these interstate forecast scenarios are presented in Figure 5 below. As illustrated, NECA average interstate switched access rates will approach $0.05 per minute for the 2012/2013 tariff under Forecast B. Average interstate switched access rates will approach $0.04 per minute for the 2013/2014 tariff under Scenario A. All of the forecast scenarios suggest that average interstate switched access rates will increase at a faster pace than they have in recent years. Regardless of the scenario selected, interstate switched access rates at these forecasted levels may cause many or all interexchange carriers to cease to provide toll service in areas served by members of the NECA pool. The same situation is likely to occur in areas served by rural carriers that are not members of the NECA pool. With such access rate increases appearing to be inevitable, as will be discussed below, changes in support and intercarrier compensation mechanisms beyond those proposed in the NPRMs will be necessary to provide sufficient cost recovery to provide services such as broadband access to the Internet in the face of changes such as the likely loss of access revenue.

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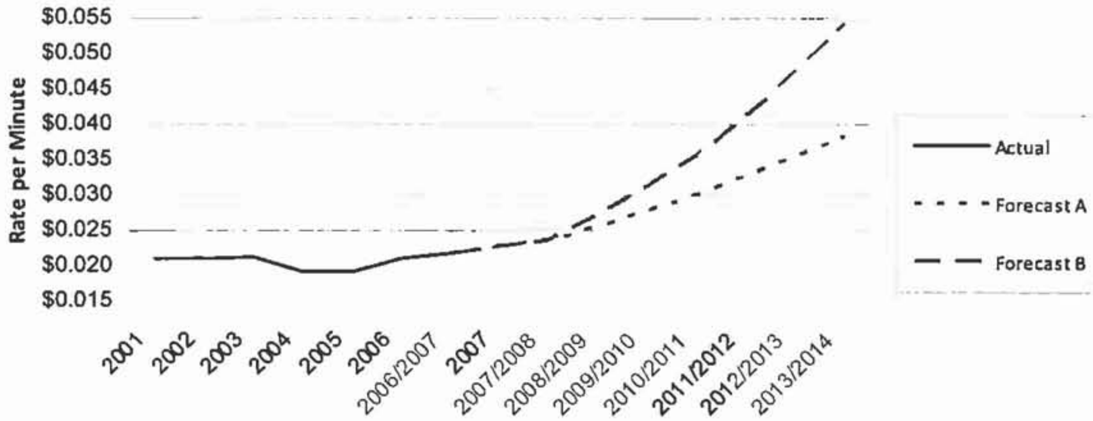
[28] *See* footnote 25

Figure 5
Projected NECA Interstate Switched Access Rates



Source: Consortia Consulting Forecast

V. The Provisioning of Broadband Access to the Internet in Rural Areas will Require Additional Changes in Support Beyond Those Proposed in the NPRMs and Changes to Intercarrier Compensation Policy.

The information presented above indicates a combination of factors that are leading to an insufficient revenue stream to continue to provide and expand broadband access to the Internet in areas served by rural carriers such as the Companies. As noted, the costs to provide broadband access to the Internet are increasing more rapidly than revenue from the service. Also, access demand is declining rapidly. Access charge revenue currently is a significant portion of rural carriers' total revenues but may not be a sustainable revenue source in the future, especially given likely increases in rates. If access charge revenues continue to decline significantly or even disappear, other network cost recovery mechanisms must be developed to recover costs associated with building and maintaining a network – especially one that is broadband-capable.

NTCA also noted these circumstances, and indicated that a high-cost USF reform transition plan is necessary to equitably move the communications industry from the